

Message Text

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P 272151Z JUL 77
FM SECSTATE WASHDC
TO AMEMBASSY CARACAS PRIORITY

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E.O. 11652: N/A

TAGS: BENC, VE

SUBJECT: MAJOR PROJECT: CENTRO CURATIVO GIUDAD GUAYANA

REF: BUTLER MANUFACTURING COMPANY LETTER DATED
JULY 19, 1977 TO DR. GAMBOA OF CVG (COPY TO DARWIN SWETT)

1. MAJOR EXPORT PROJECTS DIVISION USDOC RECEIVED COPY OF
REFERENCED LETTER AND PROCEEDED TO CONTACT ALL U.S.
PARTIES TO THE DISPUTE. MEPD TALKED FIRST WITH KAISER
ENGINEERS' SAM RUVKUN WHO WAS VERY FAMILIAR WITH PROBLEM.
FYI. KAISER FELT THAT A CALL BY EMBASSY ON DR. GAMBOA
MIGHT EFFECT A CHANGE IN HIS PLANS. KAISER STATED THAT IT
BELIEVES IT IS AREVALO WHO WORKS FOR GAMBOA WHO CONVINCED

CVG THAT A VENEZUELAN FIRM SHOULD BE GIVEN THE OPPORTUNITY
TO DO THIS WORK. THE NEW CALL FOR TENDERS WILL MEAN
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SERIOUS DELAY AND THE HOSPITAL WILL NOT EVEN BE CONSTRUCTED
ACCORDING TO THE SPECIFICATIONS WHICH KAISER AND CVG
AGREED UPON. WHEN TALKING WITH DR. GAMBOA, EMBASSY SHOULD
BE CAREFUL NOT TO ATTRIBUTE ABOVE IDEAS TO KAISER BECAUSE
OF DELICATE KAISER-CVG RELATIONSHIP. END FYI.

2. MEPD ALSO TALKED WITH KURTH OF BUTLER AND VAN BACKER OF

INTERNATIONAL HEALTH FACILITIES. VAN BACKER SAID HE HAD BEEN IN TOUCH WITH HIS CONGRESSMAN'S OFFICE AND HAD LEFT MATTER IN HANDS OF HIS LEGAL COUNSEL. MEPD FOLLOWED UP WITH LEGAL COUNSEL AND LEARNED THAT (A) NO ACTION HAD BEEN TAKEN AS YET ALONG LEGAL LINES AND (B) CONTEMPLATED ACTION HAS TO DO WITH DECLARING THAT U.S. LAW IS OPERATIVE AND TAKING CVG TO U.S. COURTS. PLAN WOULD BE TO LOCATE AND SEQUESTER VENEZUELAN ASSETS IN U.S.

3. MEPD ADVISED THAT MOST PROBABLY IT IS VENEZUELAN LAW WHICH IS INVOLVED BUT COUNSEL SEEMED TO THINK IT WAS WORTH A TRY. MEPD FEELS THIS TYPE ACTION WOULD BE BOTH EMBARRASSING AND FRUITLESS. THEREFORE, URGE EMBASSY TO DO WHATEVER IS POSSIBLE IN DISCUSSIONS WITH DR. GAMBOA TO IMPRESS UPON HIM THE EXTREME SERIOUSNESS WITH WHICH BOTH THE USG AND U.S. FIRMS VIEW SUCH ACTIONS. U.S. FIRMS SPENT HUNDREDS OF THOUSANDS OF DOLLARS PREPARING PROPOSAL AND IN EQUIPMENT AND MATERIAL COMMITMENTS. THEY WILL NOT BE LIKELY TO UNDERTAKE SAME DEDICATED RESPONSE TO VENEZUELAN CALLS FOR BID IN FUTURE IF THERE IS RISK THAT TENDERS WILL BE PUT ASIDE ON ADVICE OF VENEZUELAN FIRM THAT IT WANTS A CHANCE AT THE JOB.

4. MEPD NOT SURE HOW MUCH OF DETAILS AVAILABLE TO EMBASSY. BRIEF RECITAL FOLLOWS - FACTS OBTAINED FROM LIMITED OFFICIAL USE

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KURTH AND VAN BACKER. KAISER INVITED BIDS FOR SUBJECT HOSPITAL PROJECT. KAISER THEN EVALUATED THE BIDS IN ITS U.S. OFFICES. BIDS WERE OPENED IN PRESENCE OF CVG AND KAISER AND READ ALOUD. A VENEZUELAN BUSINESSMAN WAS PRESENT AT BID READING AND, AFTER ADVANTAGE OF HEARING BIDS MADE, TOLD KAISER HE COULD DO THE JOB CHEAPER. KAISER ASKED IF HE WOULD BE ABLE TO DO IT CHEAPER WITHIN THE SAME SPECIFICATIONS. THE ANSWER WAS NO, A DIFFERENT TYPE OF BUILDING MATERIAL WOULD BE USED. THE CONCLUSION IS THAT THIS CONTRACTOR WENT TO CVG AND INFLUENCED IT ON GROUNDS OF NATIONALISM TO SET ASIDE THE PRESENT TENDERS AND OPEN THEM ANEW.

5. MEPD LOOKS FORWARD TO EMBASSY REPORT ON THE SITUATION AND APPRECIATES WHATEVER EMBASSY CAN DO TO ASSIST U.S. FIRMS. VANCE

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